



## Loans for SMEs

# SMES: DRIVERS OF GROWTH AND DEVELOPMENT



A company with 20 employees received a loan for the equivalent of CHF 79,000 to buy a machine tool which can automatically cut 3D promotional products to size using modern control technology. This purchase has also made it possible to hire three new employees.  
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Small and medium-sized enterprises (SMEs) are key to Romania's economic development. However, due to insufficient collateral, it is often difficult for SMEs to obtain loans from commercial banks in order to make investments. Switzerland therefore made a CHF 24.5 million contribution to a fund from which SMEs could obtain loans.

99.7% of Romanian companies are SMEs and 66% of employees work in the SME sector. However, there is still considerable potential for development as the number of SMEs in Romania is only half the EU average.

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### SME INVESTMENT LOANS

Limited access to investment capital is a major obstacle for Romanian SMEs. SMEs are often considered uncreditworthy by banks due to their lack of track record and insufficient collateral. Switzerland therefore made a CHF 24.5 million contribution to a fund

it created with the Romanian CEC Bank. Romanian SMEs received loans from this fund subject to the following conditions:

- › The SMEs had to operate in the manufacturing, tourism, health, cleantech, transportation, IT, construction or technology sector.
- › The interest imposed by the CEC Bank was max. 3.5% above the Romanian loan interest rate on the interbank market.
- › The total value of loans taken out by any one SME did not exceed CHF 300,000.
- › The loans had a maximum term of seven years.
- › If an SME did not have sufficient collateral, the Romanian credit guarantee fund covered up to 80% of the loan amount.

Switzerland co-financed up to 70% of each loan. The CEC Bank financed the remaining 30% from its own means. By 2019 the CEC Bank had financed over 500 loans, thereby creating or securing some 3,000 jobs. The repaid loans flow back into the fund to finance new loans.

The CEC Bank was selected to manage the fund via a public procurement procedure. Founded in 1864, the bank has long-standing experience as a savings and credit institution.

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### GREATER COMPETITIVE EDGE AND MORE JOBS

The aim of the fund is to improve SMEs' capacity to invest so that they can become more competitive and, in time, secure loans directly from commercial banks on market terms. By helping to develop a strong SME sector, Romania is promoting economic growth, creating jobs and thereby improving the prospects for people living there.



Alexandru Serban obtained a CHF 44,000 loan to buy a new building for a restaurant. © SECO

## THE PROJECT IN BRIEF

### OBJECTIVE

Promote economic growth and improve working conditions

### THEME

Access to financing for SMEs

### COUNTRY

Romania

### CURRENT SITUATION / BACKGROUND

Due to insufficient collateral, it is difficult for Romanian SMEs to obtain loans from commercial banks. The number of SMEs in Romania is only half the EU average.

### OBJECTIVE

Strengthen the competitiveness of SMEs and create jobs

### ACTIVITIES

Loans in the manufacturing, tourism, health, cleantech, transportation, IT, construction or technology sector

### TARGET GROUPS

SMEs

### COSTS

Swiss contribution  
CHF 24.5 million

### RESPONSIBLE FOR PROJECT IMPLEMENTATION

The Romanian Ministry of Foreign Affairs

### DURATION

2014–2019



AGOTERM 93, which specialises in manufacturing windows, employs 26 people. Thanks to a CHF 60,000 loan, it has been able to buy two machines to produce windows with thermal insulation glazing. With this investment, AGOTERM 93 is now more competitive and can produce better quality and eco-friendly windows efficiently. © SECO

"My business, my future. I was able to expand my business thanks to the investment loan which I received on the basis of my initiative and company concept."

Adrian Miler, entrepreneur from Târgoviste

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SWISS ENLARGEMENT CONTRIBUTION

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